



DEPARTMENT OF ENERGY

[FE Docket No. 18-145-LNG]

Energía Costa Azul S. de R.L. de C.V; Application for Long-Term, Multi-Contract

Authorization to Export Natural Gas to Mexico and to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application), filed on September 27, 2018, by Energía Costa Azul S. de R.L. de C.V (Energía Costa Azul), a subsidiary of Infraestructura Energetica Nova, S.A.B. de C.V. (IEnova) and IEnova's subsidiaries. A majority of the ownership interests in IEnova (66.43%) is held by indirect, wholly-owned subsidiaries of Sempra Energy, a publicly traded California corporation. The Application requests long-term, multi-contract authorization to export domestically produced natural gas to Mexico in a volume up to 545 billion cubic feet (Bcf) per year (Bcf/yr) (1.5 Bcf per day), and to re-export a portion of this natural gas as liquefied natural gas (LNG) in a volume equivalent to 475 Bcf/yr of natural gas (1.3 Bcf per day). Energía Costa Azul seeks to export this LNG from the proposed Energía Costa Azul Large-Scale Project, which consists of certain liquefaction and export terminal facilities located on the site of Energía Costa Azul's existing LNG import terminal north of Ensenada, Baja California, Mexico. The volumes for which Energía Costa Azul seeks authorization in this Application would be additive to the volumes for which Energía Costa Azul seeks authorization in its application in FE Docket No. 18-144-LNG. Energía Costa Azul requests authorization to export this; LNG to: (i) Countries with which the United States has entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA

countries) and (ii) any other countries with which trade is not prohibited by U.S. law or policy (non-FTA countries). Energía Costa Azul seeks to export the requested volume of natural gas and the requested volume of LNG on its own behalf and as agent for other entities who hold title to the natural gas at the time of export. Energía Costa Azul requests the authorization for a 20-year term to commence on the earlier of the date of first export or seven years from the issuance of the requested authorization. Energía Costa Azul further requests authorization to continue exporting for a total of three years following the end of the 20-year authorization term requested herein, solely to export any volumes that it is unable to export during the 20-year authorization term (Make-Up Volumes).

Energía Costa Azul filed the Application under section 3 of the Natural Gas Act (NGA). Additional details and related procedural history can be found in Energía Costa Azul's Application, posted on the DOE/FE website at: <https://www.energy.gov/fe/downloads/energ-costa-azul-s-de-rl-de-cv-dkt-no-18-145-lng>

Protests, motions to intervene, notices of intervention, and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in the **Public Comment Procedures** section no later than 4:30 p.m., Eastern time, [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES:

Electronic Filing by email:
fergas@hq.doe.gov

Regular Mail
U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375

Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)
U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement

Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW.,
Washington, DC 20585

FOR FURTHER INFORMATION CONTACT:

Benjamin Nussdorf or Larine Moore
U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW.,
Washington, DC 20585
(202) 586-7970; (202) 586-9478

Cassandra Bernstein or Ronald (R.J.) Colwell
U.S. Department of Energy (GC-76)
Office of the Assistant General Counsel for
Electricity and Fossil Energy
Forrestal Building
1000 Independence Avenue, SW.,
Washington, DC 20585
(202) 586-9793; (202) 586-8499

SUPPLEMENTARY INFORMATION:

DOE/FE Evaluation

In the Application, Energía Costa Azul requests authorization to export LNG from the proposed Energía Costa Azul liquefaction and export terminal facilities to both FTA countries and non-FTA countries. This Notice applies only to the portion of the Application requesting authority to export LNG to non-FTA countries pursuant to section 3(a) of the NGA, 15 U.S.C. 717b(a). DOE/FE will review Energía Costa Azul's request for a FTA export authorization separately pursuant to section 3(c) of the NGA, 15 U.S.C. 717b(c).

In reviewing Energía Costa Azul's request for a non-FTA authorization, DOE will consider any issues required by law or policy. DOE will consider domestic need for the natural gas, as well as any other issues determined to be appropriate, including whether the arrangement is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely

negotiate their own trade arrangements. As part of this analysis, DOE will consider one or more of the following studies examining the cumulative impacts of exporting domestically produced LNG:

- *Effect of Increased Levels of Liquefied Natural Gas on U.S. Energy Markets*, conducted by the U.S. Energy Information Administration upon DOE's request (2014 EIA LNG Export Study);¹
- *The Macroeconomic Impact of Increasing U.S. LNG Exports*, conducted jointly by the Center for Energy Studies at Rice University's Baker Institute for Public Policy and Oxford Economics, on behalf of DOE (2015 LNG Export Study);² and
- *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports*, conducted by NERA Economic Consulting on behalf of DOE (2018 LNG Export Study).³

Additionally, DOE will consider the following environmental documents:

- *Addendum to Environmental Review Documents Concerning Exports of Natural Gas From the United States*, 79 FR 48132 (Aug. 15, 2014);⁴ and
- *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States*, 79 FR 32260 (June 4, 2014).⁵

Parties that may oppose this Application should address these issues and documents in their comments and/or protests, as well as other issues deemed relevant to the Application.

The National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its environmental responsibilities.

Public Comment Procedures

¹ The 2014 EIA LNG Export Study, published on Oct. 29, 2014, is available at: <https://www.eia.gov/analysis/requests/fe/>.

² The 2015 LNG Export Study, dated Oct. 29, 2015, is available at: http://energy.gov/sites/prod/files/2015/12/f27/20151113_macro_impact_of_lng_exports_0.pdf.

³ The 2018 LNG Export Study, dated June 7, 2018, is available at: <https://www.energy.gov/sites/prod/files/2018/06/f52/Macroeconomic%20LNG%20Export%20Study%202018.pdf>. DOE is currently evaluating public comments received on this Study (83 FR 27314).

⁴ The Addendum and related documents are available at: <https://www.energy.gov/sites/prod/files/2014/08/f18/Addendum.pdf>.

⁵ The Life Cycle Greenhouse Gas Report is available at: <http://energy.gov/fe/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states>.

In response to this Notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Interested parties will be provided 60 days from the date of publication of this Notice in which to submit comments, protests, motions to intervene, or notices of intervention.

Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene, or notices of intervention must meet the requirements specified by the regulations in 10 CFR part 590.

Filings may be submitted using one of the following methods: (1) E-mailing the filing to fergas@hq.doe.gov, with FE Docket No. 18-145-LNG in the title line; (2) mailing an original and three paper copies of the filing to the Office of Regulation, Analysis, and Engagement at the address listed in **ADDRESSES**; or (3) hand delivering an original and three paper copies of the filing to the Office of Regulation, Analysis, and Engagement at the address listed in **ADDRESSES**. All filings must include a reference to FE Docket No. 18-145-LNG. PLEASE NOTE: If submitting a filing via email, please include all related documents and attachments (e.g., exhibits) in the original email correspondence. Please do not include any active hyperlinks or password protection in any of the documents or attachments related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner. Any hardcopy filing submitted greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission.

A decisional record on the Application will be developed through responses to this Notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. If an additional

procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

The Application is available for inspection and copying in the Office of Regulation, Analysis, and Engagement docket room, Room 3E-042, 1000 Independence Avenue, SW., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene or notice of interventions, and comments will also be available electronically by going to the following DOE/FE Web address: <http://www.fe.doe.gov/programs/gasregulation/index.html>.

Signed in Washington, D.C., on October 23, 2018.

Amy Sweeney,

Director, Division of Natural Gas Regulation.

BILLING CODE 6450-01-P

[FR Doc. 2018-23471 Filed: 10/26/2018 8:45 am; Publication Date: 10/29/2018]